Request No. DTE 2-1

Refer to the pre-filed testimony of Laurence M. Brock at 9. Please provide information comparable to that requested in Information Request DTE 1-1 for Unitil's PBOP plans.

Response: Part 1: Question Amplification:

The following is adapted from Information Request DTE 1-1:

Refer to the pre-filed testimony of Laurence M. Brock at 8-9. Please provide the number of ~~pension plans~~ [PBOP Plans] maintained by Unitil Service Corporation ("Unitil").

If Unitil maintains more than one [PBOP Plan], provide the funding targets, funding pace, regulatory recovery (where applicable) and required contribution policy for each of the ~~service company pension plans~~ [PBOP Plans].

If Unitil maintains one ~~pension plan~~ [PBOP Plan], please provide the following information:

(a) Does the plan have different funding targets for utility participants in the plan versus non-utility participants? If the answer if affirmative, provide an analysis of each funding target.
(b) Does the plan have a different funding pace for utility participants in the plan versus non-utility participants? If the answer is affirmative, provide an analysis of each funding pace.
(c) Are required contributions determined for the plan as a whole or by the minimum funding requirements of each of the participants? If contributions are determined for the plan as a whole, explain, in detail, how total plan contributions are allocated between plan participants.
(d) Explain, in detail, why some plan participants have prepaid [PBOP Plan] ~~pension~~ balances while others have ~~pension~~ liabilities.

Response: Part II: Detailed Response:

Unitil Corporation ("Unitil") and certain of its subsidiaries sponsor one PBOP plan, which is a component of the Unitil Employee Health and Welfare Benefits Plan ("PBOP Plan"), and which provides health and welfare benefits to qualified employees. The PBOP Plan is a consolidated plan that offers standardized benefits to all employees of three of Unitil Corporation's subsidiaries, including: the employees of its two operating utilities, Unitil Energy Systems, Inc., a New Hampshire utility ("UES"), and Fitchburg Gas and Electric Light Company ("FG&E"), and the employees of Unitil Service Corp. ("Service Corp."), its integrated service company subsidiary. The Service Corp. provides a variety of administrative and professional services, including regulatory, accounting, human resources, engineering, operations, technology and management services, at cost, to the two operating utilities and, to a relatively minor extent, the other non-utility affiliates of Unitil Corporation. None of these other non-utility affiliates have employees nor are they members of the PBOP Plan.

The PBOP Plan provides a variety of health and welfare benefits to approximately 320 employees and 219 retirees and their beneficiaries. The PBOP Plan covers Union and Non-Union employees equally and the provisions of the plan and the benefits provided under the plan apply to management and non-management in substantially the same way. For postretirement benefits, the PBOP Plan provides health insurance benefits for retirees and their spouses under age 65 under a Preferred Provider Organization plan, a Medicare Supplement insurance plan for retirees and spouses over age 65, partial reimbursement of Medicare premiums, and a modest paid-up life insurance benefit for retirees. Widows and widowers of deceased retirees are also covered by the health insurance benefits. The PBOP Plan currently maintains two Voluntary Employee Trusts and a 401(h) Account within the Pension Plan to fund covered benefits.

Oversight and monitoring of the investments of the PBOP trust funds is the responsibility of the Unitil Corporation Retirement Plan Committee (the "Committee"), which is appointed annually by the Unitil Corporation Board of Directors (the "Board"). This Committee consists of four members: two outside Board members, Unitil Corporation's Chief Financial Officer, and the Vice President of Administration. The Committee makes recommendations for annual PBOP Plan funding contributions to the Board.

The Committee's PBOP Plan funding recommendations are based upon company guidelines. The guidelines in effect for 2004 are attached as Exhibit DTE 2-1-A, "PBOP Plan Funding Process, September, 2004."

As noted above, Unitil maintains one PBOP Plan, and:

(a) The Plan does not have different funding targets for the two operating utility participants in the plan versus the Service Corp. The cash funding of the PBOP Plan is provided by each of these three subsidiaries and allocated among them on a pro-rata basis based on the Net Periodic Postretirement Benefit Cost/Expense ("NPPBC") level each year, as determined by the Plan's actuary, for each subsidiary and the guidelines shown in Exhibit DTE 2-1-A.

(b) The PBOP Plan does not have a different funding pace for the two operating utility participants versus the Service Company. As indicated in the attached Exhibit DTE 2-1-A the funding pace of Pension Plan contributions for each participant in the plan is developed in concert with the Committee's overall PBOP funding recommendation for the consolidated Plan.

(c) There are no minimum required contribution levels associated with PBOP.

(d) There are no Prepaid PBOP Assets associated with Unitil's PBOP Plan. Each of the Unitil subsidiaries with PBOP Plan participants have long term liability positions regarding their PBOP obligations. Historically, the PBOP obligations for the Unitil companies, like other utilities and companies , have been funded on a "pay as you go" or cash basis annually. Recently, Unitil has moved toward funding its PBOP obligations on more of an accrual basis as illustrated in its PBOP funding guidelines in Exhibit DTE 2-1-A.

Person Responsible: Laurence M. Brock **Date:** October 26, 2005

Post-Retirement Benefits (PBOP) Plan Funding Decision Process September, 2004

The decision of how much to fund the post-retirement benefits (PBOP) plan (the Plan) is complex and governed by many differing rules and objectives. The purpose of this narrative is to document the company's current decision making process.

The Plan funds two Voluntary Employee Benefit Associations (VEBA), one for union employees and one for non-union employees. The Company's key funding objectives in determining the level of annual funding to these VEBA's are:

Funding Target: A funding level approximately equal to the FAS 106 PBOP expense (first line in the table below) net of capitalization puts the Plan on a path to maintain and improve its funded status under a number of valuation and plan performance scenarios and provides a margin against continued deterioration of the Plan's funded status. A three-tiered approach to funding is as follows:

Step 1: Fund the Union VEBA on the "pay as you go basis" as determined by the Company's actuary.

Step 2: Fund the Non-union VEBA at the maximum allowable contribution per the Company's actuary. The funding levels for each subsidiary (ie. UES an FGE) should be at least equal to the amount recovered in rates.

Step 3: If the amounts in Step 1 and 2 above total less than the FAS 106 PBOP expense net of capitalization, contribute additional funding to the Plan via the 401 (h) allowable contribution as determined by the actuary. Note: Total funding from Steps 1, 2 and 3 should not exceed the FAS 106 PBOP expense net of capitalization.

Funding Pace: The chosen funding level should reasonably balance the current year tax deductible contribution level with projected funding levels in future years, resulting in a contribution policy that is consistent with our PBOP costs, to achieve and maintain the funding target over the planning horizon.

Regulatory Recovery: The chosen funding level should provide an appropriate cash basis for recovery of PBOP costs in rates in accordance with existing regulatory precedents.

Required Contributions: The chosen funding must be at least equal to the Minimum Required Contribution and at least equal to the amounts being recovered in rates for each Company.

Key PBOP Items:

	2003	2004
FAS 106 Expense	$1,191,804	$4,204,927
PBO	31,991,044	34,550,328
Benefits & Expenses Paid	$330,762	$1,347,805
Union "Pay as You Go"	n/a	$660,000
Min. Required Contribution	$0	$0
Max. Deductible Contribution – Union	n/a	$16,255,917
Max. Deductible Contribution – Non-union	n/a	$1,355,468
Max. 401(h) Contribution	n/a	$333,991
Actual Contribution	$1,252,000	$2,100,000

FAS 106 Expense – The 2003 number is from the 2003 year-end Actuarial disclosure (January 23, 2004 letter). The 2004 number comes from the 2004 Actuarial Valuation Report.

PBO – The 2003 number is the Benefit Obligation at 12/31/03 from the 2003 year-end Actuarial disclosure (January 23, 2004 letter). The 2004 number is equal to the 2003 number plus 8% (the historical PBO growth rate).

Benefits & Expenses Paid – The 2003 and 2004 numbers are per the 2003 Actuarial disclosure (January 23, 2004 letter). The 2003 number is actual and the 2004 number is estimated.

Min. Required Contribution – There are no minimum required contribution levels associated with PBOP.

Max. Deductible Contribution – The 2004 number is from the 2004 Actuarial Valuation Report (March 8, 2004 letter) and is the sum of $16,255,917 (for union VEBA) plus $1,355,468 (for non-union VEBA).

Actual Contribution – This number is arrived at by the CFO and the VP of Administration, approved by the Chairman and by the Board of Directors. 2004 is estimated.

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company d/b/a Unitil
Docket No: D.T.E. 05-64
Department's Second Set of Information Requests

Request No. DTE 2-2

Refer to the pre-filed testimony of Laurence M. Brock at 8-9. Is it possible that at some future time, Unitil would apply Fitchburg's pension and PBOP prepayments to offset the liabilities of other plan participants? Explain why or why not.

Response:

Currently, Fitchburg ("FG&E") is part of the Unitil Corporation consolidated group of companies and there are no plans to apply FG&E's Prepaid Pension (there are no Prepaid PBOP assets) assets against the liabilities of other plan participants. At the present time, each Unitil company maintains its books and records on a separate entity basis. For Securities and Exchange Commission reporting purposes, all Unitil Companies are consolidated together as Unitil Corporation and Subsidiaries. However, if the legal structure of the Unitil companies were to change in the future, the FG&E Prepaid Pension balances would be evaluated as part of any proposed transaction to effect that change. If that were to happen, the DTE would be involved to review and approve any such proposed transaction. There are no transactions of this nature under consideration by Unitil at this time.

Person Responsible: Laurence M. Brock **Date: October 26, 2005**

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company d/b/a Unitil
Docket No: D.T.E. 05-64
Department's Second Set of Information Requests

Request No. DTE 2-3

Did the Company have any additional minimum liability associated with its pension plan as of December 31, 2004? Also, does the Company anticipate having any additional minimum liability for the pension plan at the end of 2005?

Response: As of December 31, 2004, the Company had an additional minimum liability of $765K associated with its pension plan. The Company anticipates that it will most likely have an additional minimum liability for the pension plan at the end of 2005 because even though the Company intends to fund the Pension Plan at the level similar to the prior year, $600,000; the recovery of the equity (stock) and Bond market valuations in general, continues to lag behind those levels at the beginning of the year (January 1, 2005).

Person Responsible: Laurence M. Brock **Date:** October 26, 2005